

ROUTINE

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 30 August 1978

CG NIDC 78/203

DIA review(s) completed.

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Wednesday, 30 August 1978

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Syrian Strategy

25X1 [] *The fighting in Beirut died down yesterday morning but resumed later in the day in parts of the city. In northern Lebanon, the clashes between Syrian troops and Phalangist militiamen seem to have ended for the moment.*

25X1 [] *Syrian policy in Lebanon is hardening and Foreign Minister Khaddam may seek Soviet backing for it during his current visit to Moscow.*

25X1 [] Syrian strategy apparently is to take advantage of local Christian provocations gradually to constrict the Christian heartland. By wearing down the militias in stages and keeping up the pressure on the areas under their control, the Syrians hope to force the Christians to accept Syria's way in Lebanon without giving Israel an excuse to intervene on the Christian side. We expect the Syrians also to continue their efforts to isolate the militias politically and exploit differences within the Christian leadership.

25X1 [] The US Defense Attache in Damascus reports seeing no indication that Syrian reinforcements are moving into Lebanon.

25X1 [] As a result of the Syrian moves in northern Lebanon since 25 August, the Christians are in an increasingly vulnerable position. If the Syrians hold onto the areas they have occupied, the area of effective Christian control will be limited to the Jubayl, Kesrawan, and Metn districts and East Beirut. The Christian leaders could become so worried about their situation that they might try to spark a crisis in the hope of drawing in the Israelis.

25X1 [] The Soviets may be willing to endorse the Syrian position on Christian forces in Lebanon in return for strongly restated Syrian opposition to the Camp David summit. Soviet

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opposition to the Syrian role in Lebanon in 1976 was against Syrian efforts to crush the Lebanese left and the Palestinians; the USSR has not criticized recent Syrian actions against the Christians. [REDACTED]

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ISRAEL: Concern Over Lebanon

[REDACTED] *Israeli leaders assert that the renewed Syrian-Christian fighting in Lebanon is the result of a Syrian decision to exploit Israeli preoccupation with the Camp David summit and further weaken the Christians' military and political position. Many influential Israeli figures and a broad sector of the Israeli public are deeply apprehensive that the Syrians are intent on eventually converting Lebanon into a satellite.*

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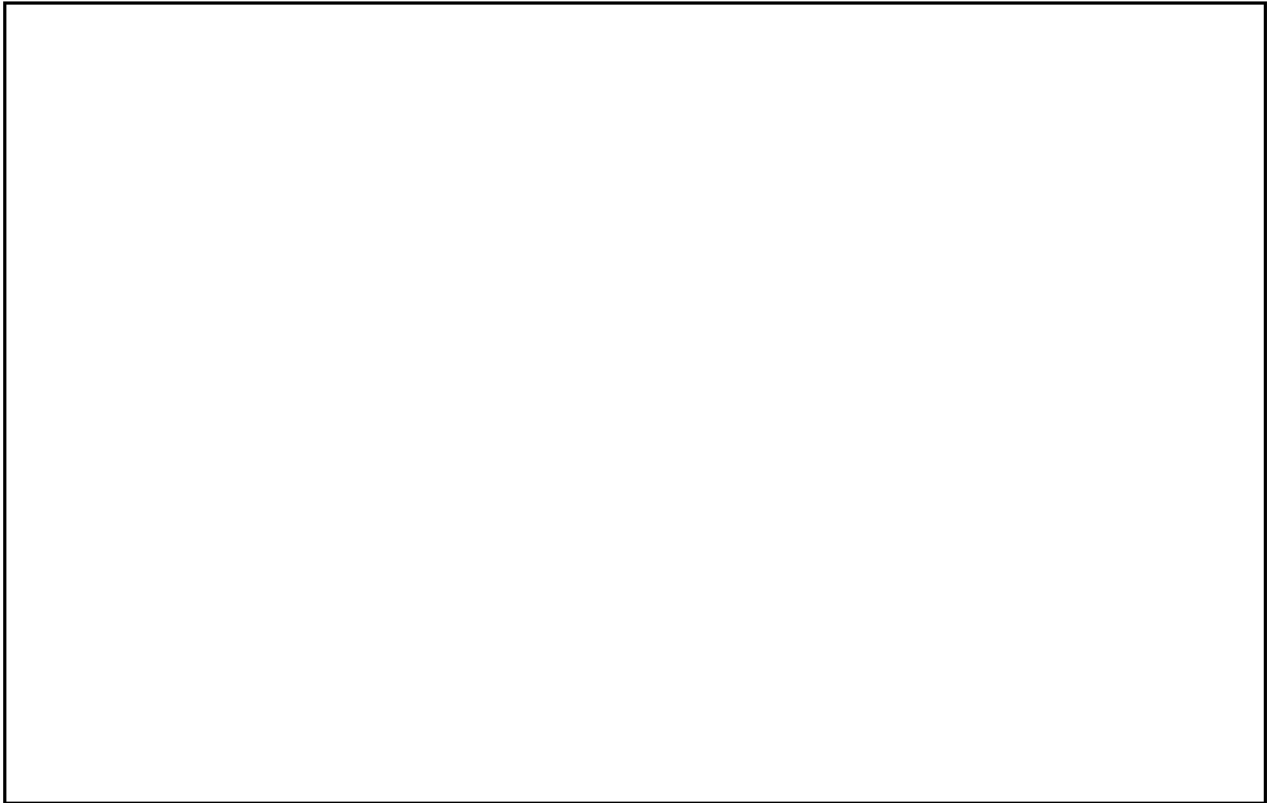
[REDACTED] By keeping the Syrian role in Lebanon before the public, Israeli leaders seek to remind Damascus that they will not stand idly by in the face of attacks against the Christian

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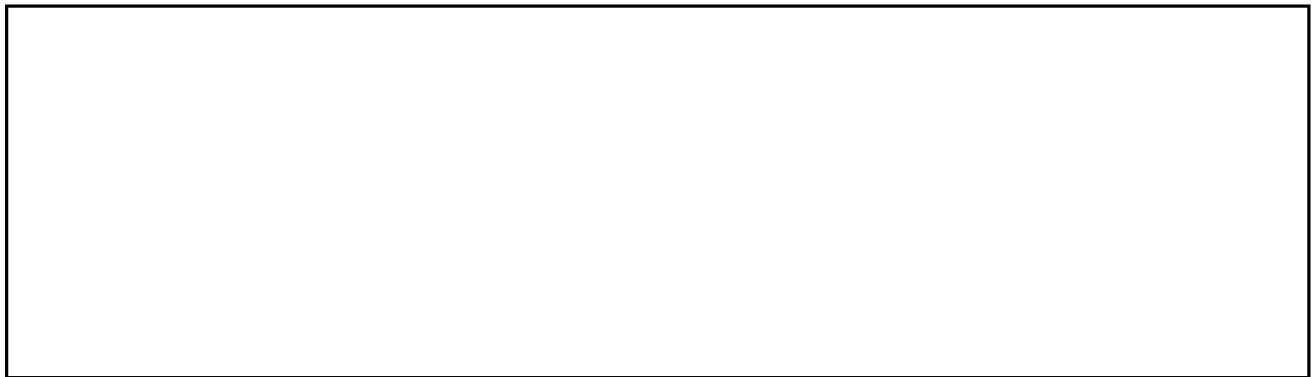
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community that threaten to alter the status quo. Begin and Defense Minister Weizman, as the two officials most closely associated in the public's eye with decisionmaking on Lebanon, know that they would be subjected to bitter recriminations at home should the Christians be defeated because of insufficient Israeli support.

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CHINA-VIETNAM: Relations





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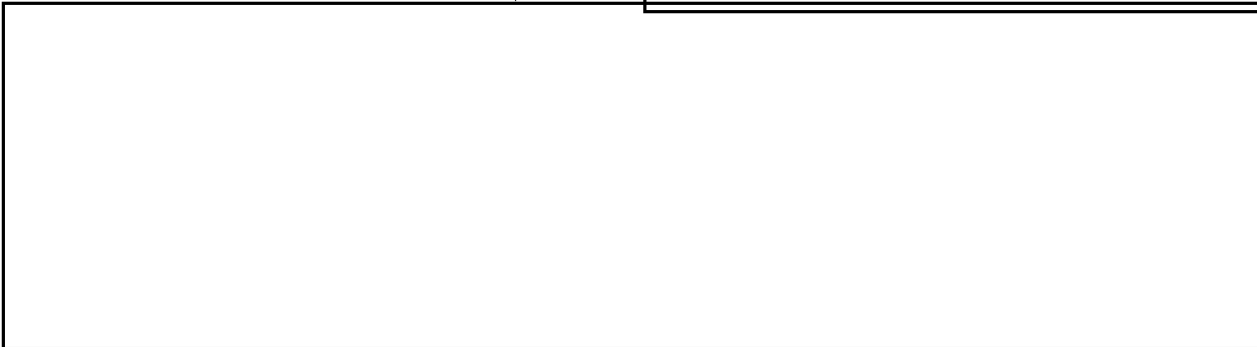
[REDACTED] Peking meanwhile appears to be backing away from its earlier claim that Vietnamese units occupied Chinese territory for more than a day after the border clash last Friday. The Chinese Foreign Ministry yesterday officially protested "the serious incident of encroachment on Chinese territory," but the evidence it cited pertained to border intrusions that allegedly occurred during the first half of August.

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[REDACTED] Although the official Chinese news agency has carried detailed reports on the Vietnamese "occupation" of Chinese terrain on Friday and Saturday, more authoritative Chinese statements have stressed that at least the initial clash between Vietnamese guards and refugees occurred "on the Vietnamese side of the border" and have not mentioned actual seizure of Chinese terrain. Nonetheless, the Vietnamese--who have quickly refuted other Chinese claims of border incursions--have not denied the most recent charges. [REDACTED]

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IRAN: Government Performance

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[redacted] Iranian Prime Minister Sharif-Emami has moved quickly since his appointment Sunday to take up his role as political broker between the Shah and dissident Muslim leaders. He says he also intends to deal with the country's stagnating economy and consumer-related grievances that the Shah's opponents have been exploiting.

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[redacted] Sharif-Emami's ultimate objective is to associate moderate, influential mullahs with the Shah's programs, including land reform and the emancipation of women, which Muslim fundamentalists have opposed as being in violation of the tenets of Islam. The Prime Minister told the press that he has already made some progress in developing a working relationship with the clergy. He described his clerical contacts as "visibly satisfied" with concessions to Muslim fundamentalists, such as a return to the Islamic calendar and the closing of gambling casinos, as indications of the new government's intention to conciliate the religious community.

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[redacted] The cabinet changes will do little to convince the Iranian consumer and the private investor that economic prospects will improve. The previous government's success in reducing the rate of inflation was limited primarily to the housing and construction sectors. Prices of almost everything else--particularly foodstuffs--have continued their upward spiral.

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[redacted] The previous government's stated intent to expand private sector initiatives elicited no positive response from the business community; in fact, private investment declined last year as the business community perceived few clear signals as to future economic direction.

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[redacted] Growth in 1977 was sluggish--real GNP rose less than 3 percent--in part because of fiscal restraint on the part of the government. In the early months of 1978, however, the public spending taps were opened wide in an attempt to stimulate the stagnating economy and pacify growing popular discontent. A period free of political and religious disturbances would enhance economic prospects; but solutions to Iran's deep-seated economic problems, including skilled labor shortages and dimming oil production prospects, will require more than a new management team. [redacted]

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CHAD: Government Reorganization

The long-expected reorganization of the Chadian Government took place yesterday. President Malloum dissolved his military government and asked Hissein Habre, leader of a minor faction of Muslim rebels, to form a new government as Prime Minister.

The move is part of an agreement negotiated earlier this year with Habre that calls for the election of a constituent assembly, the reorganization of the armed forces, and the use of Arabic along with French as official languages.

Malloum and the French Government hope that broader Muslim participation in the new administration will help undercut the insurgency movement. The main rebel group led by Toubou chieftain Goukouni and backed by Libya is not party to the

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agreement. This group, which occupies the northern half of the country, is unlikely to agree to participate in any government led by Malloum. [REDACTED]

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BRIEFS

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Denmark

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[REDACTED] Prime Minister Jorgensen is expected to announce today details of his new coalition cabinet composed of Social Democrats and members of the Moderate Liberal Party. The coalition will allow Jorgensen to proceed with a sorely needed austerity program. Even though the new government falls short of a parliamentary majority, its control of 88 of the 179 seats will make a unified opposition virtually impossible.

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[REDACTED] Apart from the belt-tightening measures, the domestic policies of the new government will probably differ only slightly from those of its predecessor, which relied on support from

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the parties of the center and right on a case-by-case basis. Foreign policy should be essentially unchanged. The new coalition is likely to remain in office until constitutionally scheduled elections are held in 1981.

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